

**Revised: July 24, 2001**

**Council on Postsecondary Education  
July 30, 2001**

**Western Kentucky University  
Disposal and Renovation of Academic Athletic #1**

---

In a letter written November 29, 2000, Western Kentucky University informed the Finance and Administration Cabinet and the council staff of the results of a feasibility study to renovate Academic Athletic #1 which contains Diddle Arena. The primary focus of the study (paid for by the Hilltopper Athletic Foundation, Warren County, and the City of Bowling Green) was to assess the economic and demographic factors to determine if it is best to build a new facility or renovate the arena. The study suggested that the arena should be renovated from a single use (basketball) to a multi-purpose facility.

WKU stated in its communication that state general funds would not be sought for the renovation. The City of Bowling Green would issue up to \$32,500,000 in general obligation bonds to finance the renovation of the arena. Debt service on the bonds would be funded using a combination of revenues from facility rentals, building naming rights, ticket sales and surcharges, and concessions and event parking.

The council staff and WKU representatives have participated in a series of discussions with representatives from the Finance and Administration Cabinet, the Legislative Research Commission, the Capital Projects and Bond Oversight Committee, and the Office of the Attorney General.

**Policy Issues and Discussions**

Western plans to donate Academic Athletic #1 and other athletic property to the City of Bowling Green for the purpose of securing the financing to renovate the facility. WKU representatives and Finance and Administration Cabinet staff continue to discuss the statutory provisions for disposal of state owned property whether by sale or gift.

The Capital Projects and Bond Oversight Committee has asked Albert B. Chandler III, Attorney General; Ed Hatchett, State Auditor; T. Kevin Flanery, Secretary, Finance and Administration Cabinet; and Gordon Davies to review the proposal. Gary Ransdell, President of Western Kentucky University, will provide additional information on the project at the July 30 council meeting including projected revenues and expenses, an updated management agreement between WKU and the city, a property transfer map, and a proposed timeline.

**Current Status and Action on the Project**

- WKU is in the process of providing additional information to participants identified above.
- Gordon Davies has suggested that the Finance and Administration Cabinet, the Office of the Attorney General, and the council develop a procedure for dealing with similar initiatives and criteria for assessing whether the initiatives are legally and financially sound (July 5 letter to Albert B. Chandler III, Attorney General, and T. Kevin Flanery, Secretary Finance and Administration Cabinet).
- The Capital Projects and Bond Oversight Committee is scheduled to review the proposal August 21.
- WKU and the City of Bowling Green are completing their financial analysis and finalizing the management agreement for the operation of Diddle Arena. The city wishes to sell the bonds by the end of August.